



Project #: 527-A-00-03-00073-00
Reporting Period: July – September 2003¹
SO13

I. Summary of Activity Status and Progress

a. *Introductory paragraph*

During this report period, WWF-PPO continued providing technical assistance to forest concessionaires in the Aguaytía area, such that 4 forest inventories for 2003 have been completed. Furthermore, marketing specialists have begun consolidating commercial relationships between the forest enterprises and potential buyers in Ucayali as well as in Lima. As part of the components of Green Belt reforestation and secondary forest management, final preparations to sign contracts with two grassroots organizations are being completed for the on- the- ground implementation of activities. Based on a list of communities participating in the eradication of coca with DEVIDA, a preliminary list of beneficiary communities for project activities has been developed and introductory visits have taken place. In addition, WWF-PPO signed agreements with CEDISA and the *Caja Rural de San Martín* for the establishment and management of the Trust Fund (\$400,000), which will serve as the financial services facility of the project for qualifying small forest enterprises.

b. *Highlights*

- WWF-PPO has developed a sawn timber marketing plan. This identifies timber buyers and provides information to concessionaires in the project area about the demand for timber in terms of prices, species, and volumes.
- Work on the formation of 2 Forest Management Committees, in the Aguaytía and San Alejandro watersheds, respectively, has begun. Informative and introductory meetings were held with the local population in each watershed.
- Visits to 14 communities serve as a preliminary step in the implementation of the secondary forest management activities. These communities were selected according to the list of those with coca eradication agreements with DEVIDA.
- A Trust Fund of \$400,000 has been approved and its implementation is underway to provide much-needed capital to small forest enterprises.

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c. Table of Activity Status

Activity Number	Activity Title	Status	Page number for more information
1	Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads	On-track	2
2	Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")	On-track	5
3	Community-based Secondary Forest Management, Agroforestry Systems and Local Forests	On-track	6
4	Von Humboldt-Aguaytía Small Loan Financial Service	On-track	8

II. Detailed Description of Site Progress

a. Key short and long-term program objectives for the site.

This project aims to achieve the following key objectives:

1. Prevent and mitigate coca cultivation within forest concessions located in Von Humboldt permanent production forest and their influence areas.
2. Create alternate income sources and employment opportunities not dependent on the illicit production of coca or illegal logging. Sustainable timber or agroforestry production must become viable economic alternatives and create enough incentive for coca producers and illegal loggers to voluntarily stop their current practices.
3. Contribute to the conservation of primary forest in the Von Humboldt permanent production forests and stabilize deforestation and soil degradation caused by migratory slash-and-burn agriculture in secondary forests in the area.
4. Support the improvement of forest control systems and reduce illegal logging in the province of Padre Abad.
5. Provide training and comprehensive instruction to key players in the pilot project area regarding all critical facets of forest product businesses and sustainable forest management, based on FSC principals and criteria.
6. Facilitate resource poor farmer and micro-enterprise access to short-term capital in the form of revolving funds in order to support their transition to modernized systems of forest use and to support long-term, sustainable business activities that do not rely on illicit coca production or illegal logging.

b. Activity Description

- i. Activity Title :Sustainable Forest Management in the Von Humboldt Forest Concessions: full forest inventories (100%), implementation of forest management plans, and forest roads**
- ii. Summary of major achievements and progress**

- WWF-PPO forest technicians provided assistance for the preparation of Annual Operating Plans (AOP) for 2003 for five forest micro-enterprises. The inventories for four of these enterprises have already been completed, while one (*World Green Peru*) is being redone to comply with the revised guidelines published by INRENA. The areas inventoried for these AOP cover a total of 2,080 hectares.
- During the reporting period, a total of 2,483 temporary labor days were spent conducting the inventories, the opening of paths within the annual harvest area and concession access roads, as well as land use planning. Of this total, 1,065 labor days were generated through forest inventory activities.
- WWF-PPO, in coordination with the local INRENA office in Aguaytía, has begun implementing a strategy to mitigate illegal logging specifically targeting the Aguaytía area. The strategy was developed in a participatory manner, incorporating input from concessionaires in the area. Prior to initiating implementation, an agreement outlining the terms of institutional cooperation was signed between WWF-PPO/ Aguaytía- Von Humboldt Project and the Wildlife and Forest Technical Administration office in Pucallpa. Among the preliminary advances of this strategy, points for control have been prioritized and as a result 3 interventions were made to confiscate approximately 36 cubic meters of illegally logged timber, most of which cedar. In addition, 2 visual inspections were conducted in the forest concessions in order to confront illegal logging activities on-site.
- WWF-PPO continues work on the development of a marketing plan. The plan identifies four timber buyers (NCS American Forestal, Alpi Rosa, General Products SAC, and Maderas Peruanas) and provides information to concessionaires in the project area about the demand which this market represents in terms of prices, species, and volumes. A total of 46,275.4 cubic meters – distributed between 51 tree species – was calculated from the AOP 2002 among the 5 concessions assessed by WWF-PPO. A total of 5 meetings (2 en Pucallpa, 3 en Aguaytía) were held to consolidate the commercial relationship between the timber buyers and the forest concessionaires. In addition the timber buyers *GEA* and *Alpi Rosa* visited the forest concessions to examine the potential supply and quality of the diverse array of tree species, and have shown particular interest in 10 lesser-known species. An analysis has also been initiated to assess the potential to pursue forest certification. WWF-PPO is investigating the transformation processes undertaken by the concessionaires and the subsequent chain of custody that incorporates the industrial enterprises.
- WWF-PPO continues implementing capacity building activities for forest concessionaires as well as field personnel as needed. Included among the themes covered in the 5 workshops to date are the importance and organization of Forest Management Committees, sustainable forest management, social problems and implications related to forest concessions, administrative procedures, and the voluntary forest certification process. Active participation of the diverse stakeholders has included forest concessionaires, representatives of indigenous communities and grassroots organizations, INRENA, the Ministry of Agriculture, and forest technicians, as well as others.
- Important advances have been made in the installation of permanent evaluation plots, with the initial consolidation of criteria in coordination with the *Universidad Nacional Agraria de la Selva*. Presently the design and area of the plots are being evaluated, while the majority of the plots will be located within forest concessions in the Aguaytía and San Alejandro watersheds. On a more continuous and informal basis, WWF-PPO continues to monitor logging activities in the concessions *EFASAC* and *PWGP*, assuring compliance with the Annual Operating Plans.
- WWF-PPO facilitated the development of 31 km of forest roads in order to provide access to the forest concessions (15 in Von Humboldt Forest, 09 in EFASAC, 06 in World Green Peru, 01 in Consorcio

Wood Fine Forest). Complementing the road construction, guidelines – to mitigate negative environmental impacts caused by forest roads – are being developed that will be considered in future concession road design and construction. Adequate access to the forest concessions is crucial for mobilizing timber and reducing the concessionaire's direct costs, thus contributing to the economic viability of the forest concession.

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
1.1	100% Forest Inventories 2003	
1.1.1	Development and implementation of participatory planning process for forest inventories	On-track
1.1.2	Forest brigades implement preliminary field work for forest inventories	On-track
1.1.3	Data collected and processed, cartographic information developed and georeferencing complete	On-track
1.1.4	Annual Operating Plans submitted to INRENA and approved	On-track
1.2	Development and Implementation of Forest Management Plans	
1.2.1	Forest Management Plans designed in a participatory manner	On-track
1.2.2	Forest harvest carried out according to low impact practices	On-track
1.2.3	Environmental impact mitigation plan developed	Pending
1.2.4	Establishment and implementation of three control posts in Von Humboldt permanent production forests, in close collaboration with INRENA	On-track
1.2.5	Forest Management Plans submitted to INRENA and approved	Pending
1.3	Forest Road Network	
1.3.1	Design of forest road network and improvement of key access ways and skid trails	On-track
1.3.2	Development and implementation of monitoring and evaluation system to measure the effectiveness of mitigation measures for forest roads, based on environmental impact mitigation plan	On-track

iv. Key management issues

Advances in the determination of the boundaries for the forest concession *Von Humboldt Forest SAC* have been temporarily and deliberately stalled while the concession strengthens its control over the area, through the construction and maintenance of an access road. Through GIS analysis, WWF-PPO has identified an

area of 1,050 hectares as the site of overlapping land use. The concessionaire has chosen to postpone submitting a dossier to INRENA, requesting the exclusion of the areas superimposed with nontimber activities, concerned that the validation of such activity would potentially encourage additional efforts to change the land use.

WWF-PPO is involved in trying to find a solution to the dispute between the settlements *San Miguel* and *Pampa Hermosa* and the forest concession *El Aguajal*. Towards this end, WWF-PPO prepared informative materials about forest concessions, land use planning and land rights, and distributed this information to leaders of the settlements.

This workshop, entitled *Forest Concessions: the current situation, problems and implications*, was organized and implemented in coordination with INRENA. A diverse group of 18 participants consisting of forest concessionaires, indigenous communities that have permission to extract timber, authorities of *San Miguel* and *Valle Pampa Hermosa*, and personnel from the provincial branch of the Ministry of Agriculture attended the workshop. This workshop was a direct result of the cooperation agreement recently signed between WWF-PPO and INRENA.

A volatile socio- political climate in the area of Puerto Inca has jeopardized the effectiveness of WWF-PPO's effort to provide technical assistance to forest concessionaires. WWF-PPO continues to promote dialogue and understanding between the concessionaires and the public as a means to resolve this sensitive issue. Furthermore, in coordination with INRENA, a strategy to mitigate illegal logging in the region is being developed.

i. Activity Title : Buffer Zone Primary Forest Protection: the Von Humboldt Green Belt ("Franja Verde")

ii. Summary of major achievements and progress

- In collaboration with DEVIDA and INRENA, the physical limits of the green belt have been defined. Further, an investigation into the existent land use patterns within the belt is being carried out and has gathered preliminary information on the distribution of the local populations, indigenous communities and types of land use. In an effort to minimize contradicting land use permits, cartographic information indicating the limits of the Von Humboldt permanent production forest and the areas designated for agricultural activities has been shared with the Aguaytía office of the Ministry of Agriculture.
- Coordination with the Peruvian Society for Eco- development (SPDE) and the Ucayali Women's Association (AMUCAU) continues in anticipation of the signing of reforestation contracts with each of the organizations. The grassroots organizations will be contracted to implement the reforestation of the Green Belt, as well as the secondary forest management and agroforestry component. The operating plan for these components has been developed in a participatory manner, in which clearly defined project areas and goals are outlined for each operator. Participating communities are being selected in consideration of their signing of agreements for the eradication of coca.
- The formation of Forest Management Committees – 1 in the Aguaytía watershed and 1 in the San Alejandro watershed – has been initiated through 4 introductory meetings with stakeholders. The development and monitoring of these committees will be carried out by the grassroots organizations that are being contracted to implement the components of reforestation of the green belt and secondary forest management.

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status
2.1	Land Tenure Conflict Resolution and Boundary Demarcation Carried Out in the Forest Concessions	
2.1.1	Participatory demarcation of the “Green Belt”, verification in the field, and INRENA approval secured	On-track
2.1.2	Data collected regarding land tenure claims and legal rights, including field verification, and legal processes completed to resolve conflicts	On-track
2.2	Institution of Forest Management Committees and Participatory Forest Management	
2.2.1	Establishment of Forest Management Committee for the Aguaytía River Basin, consisting of forest concessionaires and relevant local players	On-track
2.2.2	Implementation of a capacity building program directed towards grassroots community groups	Pending
2.3	Implementation of Reforestation Program	
2.3.1	Design and implementation of reforestation and management program in the buffer zone, in collaboration with forest management committees and other local players	On-track
2.3.2	Implementation of capacity building workshops necessary for reforestation program implementation	On-track

iv. Key management issues

Information concerning the demographics of the communities in and around the proposed Green Belt was requested from CADA. Unfortunately CADA has refused this request as this information is considered confidential for security reasons. As a result, WWF-PPO personnel are now conducting their own survey to collect reliable information concerning demographics and land use patterns.

i. Activity Title : Community-based Secondary Forest Management, Agroforestry Systems and Local Forests

ii. Summary of major achievements and progress

- During this report period, 14 communities were visited as a preliminary step in the implementation of secondary forest management, local forests, and agroforestry activities. These communities were all pre-selected according to the list of communities that have signed agreements with DEVIDA for the eradication of coca. As a product of these introductory visits, WWF-PPO has conducted a participatory analysis of natural resource use. The results of this diagnostic have helped facilitate the site selection for each of the specific activities to be conducted.

- A technical dossier was submitted to INRENA as a pre- requisite in the establishment of a local forest in Tangarana, in the district of Aguaytía. In response to comments from INRENA, WWF-PPO is providing additional technical assistance to meet the requisite conditions, which include the designation of a RUC number in the community's name. During the next report period, an agreement will be signed between the Tangarana community and WWF-PPO, forest inventories will be initiated and development of the General Forest Management Plan will begin.
- The amount of timber that can be sustainably extracted was calculated for the communities of Shambillo and Pampa Hermosa. Thus far WWF-PPO has identified a monthly demand from the enterprise *Magensa* for 91 cubic meters of the timber species *bolaina*. During the next reporting period, efforts will concentrate on the development of the technical dossier requesting permission from INRENA.

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status*
3.1	Development of detailed vegetation cover, forest potential, and land use change characterizations and analyses for the project area most impacted by coca cultivation	On-track
3.2	Secondary forest and agroforestry systems management	
3.2.1	Design of long-term forest development plan for the San Alejandro and Aguaytía area, which considers land use planning, necessary services for the area, and potential local markets	Pending
3.2.2	Implementation of forest inventories, forest harvest using improved infrastructure, and reforestation plan	Pending
3.3	Local Forest Management	
3.3.1	Local forest target sites identified, selected, and verified in the field	Complete
3.3.2	Development and implementation of training and awareness raising strategies targeting local communities and governments	On-track
3.3.3	Forest Management Plans developed, approved by INRENA, and implemented in local forests	On-track

iv. Key management issues

Meetings have been held on a regular basis between WWF-PPO personnel in Aguaytía and other operators in the region, including DEVIDA, Chemonics, and INRENA, among others. These have served to synchronize actions in the area, and thus mitigate the risk of propagating competing or contradicting efforts. In particular, the various operators have been able to jointly determine the proposed areas for activity implementation, through sharing information and communicating strategies.

As a consequence of the participatory nature of the secondary forest management component, WWF-PPO has found that preparing the operating plan with SPDE and AMUCAU to be time- consuming. Recognizing the importance of incorporating their experiences and opinions into the planning process, WWF-PPO has invested significant resources in ensuring that the project's goals are not compromised.

i. Activity Title : Von Humboldt-Aguaytía Small Loan Financial Service

ii. Summary of major achievements and progress

- Developed by WWF-PPO in close collaboration with the Caja Rural de San Martín (CRSM), the financial services mechanism was approved by USAID and WWF-US. In consequence, the contracts were recently signed between the parties concerned (CEDISA, CRSM and WWF-PPO). Prior to the contracts' approval, each of the agreements was translated into english and a series of meetings were held between parties to negotiate the terms. The mechanism entails a Trust fund of USD 400,000 that will be administered by the CRSM, to award loans to qualified micro-enterprises, providing necessary capital to execute sustainable forestry activities.

iii. Table of progress in meeting key activity benchmarks

Benchmark Number	Benchmark/Output	Status*
4.1	Design and Implementation of Small Loan Financial Service Mechanism	
4.1.1	Design of participatory small loan financial service mechanism, including financial sustainability plan	Complete
4.1.2	Promotion and establishment of small loan financial service	On-track
4.2	Monitoring and Supervision of Small Loan Financial Service	
4.2.1	Design and implementation of monitoring and supervision system	On-track
4.2.2	Design and implementation of training plan in support of credit system	On-track

iv. Key management issues

- N/A

III. Success Stories and Other Appendices

When appropriate and possible, include one or more one-page success stories appropriate for public dissemination.

- N/A